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WORKING TOGETHER TO MAKE THE MAPUTO CORRIDOR FIRST CHOICE FOR ALL STAKEHOLDERS
TRABALHANDO JUNTOS PARA TORNAR O CORREDOR DE MAPUTO PRIMEIRA ESCOLHA

Maputo Corridor Logistics Initiative

REPORT OF THE CHAIRMEN OF MCLI AS DELIVERED BY DR ANTÓNIO MATOS, CHAIRMAN OF MCLI IN MOZAMBIQUE AND DR MATHEWS PHOSA, CHAIRMAN OF MCLI IN SOUTH AFRICA MAPUTO 29TH SEPTEMBER 2010

**EMBARGOED UNTIL DELIVERY: 20h00: Wednesday 29
September 2010**

DR MATOS

- His Excellency the Deputy Minister of Transport and Communications in Mozambique, Mr Eusébio Saíde,
- The Director General of Alfandegas, Dr Domingos Tivane
- The Acting Chief Executive of Transnet Freight Rail, Mr Tau Morwe,

- The Chief Executive Officer of Swaziland Railways, Mr Gideon Mahlalela
- Chairman of CFM, Mr Rosario Mualeia
- Representatives of the Diplomatic Community,
- Senior Government Officials of the Governments of South Africa and Mozambique,
- Members of the Executive Councils of Provinces,
- Senior Government Officials of provincial administrations,
- Chief Executives,
- Honoured guests, ladies and gentlemen.

It is an honour and a privilege for both Dr Phosa and me to present the Chairman's report of the Maputo Corridor Logistics Initiative. I would like to extend my sincere thanks to the three corridor rail partners, Swaziland Railways, Transnet Freight Rail and CFM for hosting us at this beautiful station building this evening. It is very appropriate that we meet here this evening under the auspices of the eminent regional rail partners in this graciously elegant building which celebrates its centenary year this year. We congratulate CFM on this event and trust that the next hundred years of this rail corridor will see it reaching its

potential and going far beyond what is hoped and envisaged during our time.

While on the issue of rail and its role players, it is appropriate to begin this report with a very important and exciting announcement. It is our pleasure to announce to you this evening that the three rail partners; Swaziland Railways, Transnet Freight Rail and CFM have joined the ranks of MCLI's Key Members, clearly demonstrating that the investors of the transport corridor are strongly supporting the initiatives of MCLI. Key Members of MCLI are the major funders of the organisation, and the rail partners join the key investors on the road, rail, port and terminals and non intrusive security system and the users and Government through the SA Department of Transport, in driving the strategy and growth of MCLI, and we look forward to a very productive and fruitful partnership on this strategic corridor.

Swaziland Railway, Transnet Freight Rail and CFM join MPDC, DP World Maputo, the Fresh Produce Terminal, Trans Africa Concessions, Trans Africa Logistics, Kudumba Investments, the South African Department of Transport, Manganese Metal

Company and Grindrod Terminals Mozambique in the active promotion and strategic intervention on the Maputo Corridor.

DR PHOSA

Ladies and gentlemen, it is our pleasure to report on the activities of MCLI in the past year and to relate the progress made on the corridor. There are 6 key areas of MCLI's operation which we would like to focus on this evening:

1. Building and maintaining links into provincial and national governments
2. The 24 Hour One Stop Border Post Project
3. Transit import customs procedures in Mozambique to ensure we can market a bi-directional transit port and corridor to ensure cost efficient transport costs.
4. Rail service delivery and pricing to support corridor demand
5. The formal registration of an MCLI office in Maputo, and
6. Good governance and MCLI membership services

On the issue of building and maintaining the bridges between the provincial and national governments of South Africa and

Mozambique, MCLI has continued to engage with the relevant authorities to ensure that the necessary information flow and appropriate interventions are executed to ensure that the level of service and improvements in infrastructure and resource provision continue to move towards great efficiency and continued support of the corridor which is the lifeblood of this region. These meetings, engagements and facilitation are an ongoing element of MCLI operations and include formal high level engagements on an ongoing basis, as well as various less formal engagements which provide opportunities for ensuring that initiatives and activities on the corridor are coordinated. Perhaps the most valuable outcome of this element of MCLI's work is the organisation's ability to knock on virtually any door, be it in the public or private sector, at the highest level necessary, in order to seek solutions and to ensure collaboration and partnership in solving key challenges going forward.

24 Hour One Stop Border Post Project

Following the visit of the South African and Mozambican Ministers of Public Works to the Lebombo/Ressano Garcia border post, in August last year, MCLI was able once again to raise the importance of the need for a one stop facility, as well as the need

for policy, processes and procedures to be given a high focus, and to include engagement with the private sector to ensure a successful 24 Hour One Stop Border Post. As a result, a bi-lateral task team was established, with MCLI a key participant. We are delighted with the completion and opening of the freight bypass road on the 11th of June this year. The impact on the border post has been phenomenal but the true benefits of this infrastructure have been diminished by the limited operating hours at the border post. MCLI member, Transportes Lalgy, earlier this year conducted a satellite tracking exercise involving their trucks to track the turn around time of freight trucks to and from the port through the border post now that the bypass road is open. The results of a round trip from Komatipoort to Maputo Port and back to Komatipoort were 5h15 minutes. This is a world class effort, and a 100% improvement on the 10 hours worked on by the Port of Maputo in 2007.

However, the need for a **24 hour operation** has never been more serious and we repeat our mantra to the authorities: A 24 hour operation is absolutely essential if we are to see this corridor become efficient, cost effective and for it to reach its full potential as a transport corridor. The lack of the 24 hour

operation affects every single aspect of the corridor, and it will continue to play second fiddle, despite its potential, until this matter is addressed. It is impossible not to see the enormous benefits to the economy of this region if a 24 hour border post becomes a reality. As MCLI we hardly know how to phrase this or rephrase this matter, so routine has it become in our engagements. We as an organisation, on behalf of our 170 members, call on the authorities to take this appeal far more seriously than has been the case in the past and let us have this particular good news as soon as possible.

DR MATOS

It has also become vitally important for **transit import customs procedures in Mozambique** to be streamlined so that MCLI can market a bi-directional transit port. There has been continuous engagement with the relevant authorities, both through the MCLI Customs Committee as well as directly through the MCLI CEO, to create an understanding within the customs and clearing and forwarding community of the legislative complexities and the economic impact that additional import transit guarantee costs and delays have on the economies of Mozambique and South

Africa. With the new container shipping lines calling at DPW Maputo, containers in transit have also become a “customs issue”. MCLI continues to push for a joint agreement to be reached where the policy, procedures and implementation with fixed timelines are agreed so that we are able to strongly market our corridor as a bi-lateral transit corridor.

MCLI’s engagements, interventions and facilitation has been on a directly operation level and continue to create a conduit for problem solving between the users and the customs authorities. However, there is still much work to be done, not least of which is brining relevant stakeholders up to date on the procedures for ensuring smooth transit cargo flows. An outcome of the ongoing interventions is the commitment of BMW and Ford, to name but some, to use Maputo on a continuous basis which is certainly a plus for the Grindrod car terminal.

DR PHOSA

On the issue of the rail service delivery to support the Port and corridor, MCLI has facilitated numerous interventions between container shipping lines, shippers, terminal, agents and customs around the delay of rail services and clearance of the containers,

which resulted in the development of a set of rail procedures which will greatly assist with the streamlining of cargo flow. In addition, an outcome of the Operational Working Group Meeting of the 4th and 5th of February was to establish a rail task team to address the shortcomings with regard to rail service delivery. This has subsequently been followed up by the high level Corridor Optimisation Project driven by Transnet, Transnet Freight Rail and CFM under the leadership with Graham Braby who now is not only the TRANSNET Richards bay Corridor Manager but also that of the Maputo Corridor, with the assistance of Grindrod to ensure that the various complex elements of the rail scenario can be addressed in an effective and relevant manner. We are confident that the full participation of the three rail partners in MCLI will go a long way towards ensuring that the rail concerns on the corridor will be addressed.

DR MATOS

Presence of MCLI in Maputo

MCLI's registration as a foreign NPO operating in Mozambique has been submitted to the Ministry of Foreign Affairs and Cooperation and we have been informed by the Ministry that the

process is underway. There are few small technical issues which need to be resolved before this process is finalised, but we are confident that MCLI will be formally registered in Mozambique before too long. The MCLI CEO is operating in Maputo on an informal basis for three to four days a week in the interim, and this presence in Maputo has seen enormous dividends for the organisation.

The challenge of financial sustainability of MCLI remains an opportunity for each and every stakeholder on this corridor to become involved through membership. MCLI has a history of excellent governance, and we need to keep this through ensuring long term financial sustainability as well. On this score, I would like to thank the Southern Africa Global Competitiveness Hub for their ongoing support of MCLI's efforts to find a long term solution on the corridor, and we are most gratified that their support will continue for the foreseeable future. In addition, the port investors are also in the process of investigating various options for providing an additional revenue stream to ensure the long time sustainability of MCLI, but it remains a collective corridor and the collective community has to commit to finance MCLI and keep this vibrant Initiative alive.

DR PHOSA

Membership during the past financial year has been challenged and this is largely as a result of the economic downturn of 2009, and a number of companies have yet to see the much punted economic upturn. This has had an impact on the collection of membership revenue and the growth of MCLI membership, however, the growth has, nevertheless, been gradual and MCLI now sits on a total membership of 170 including our cooperation partnerships.

We are also pleased to inform members that MCLI received notification from the Mozambican Ministry of Finance that, due to the non-profit character of MCLI, any membership fee paid across the border by Mozambican entities is not subject to any Withholding Tax under the Corporate Tax Code and therefore no payment of Withholding Tax is due on membership fees.

Ladies and gentlemen, MCLI was the recipient of a very prestigious **award** in November last year. Brenda myself and Dr Matos were able to be at the NEPAD Transport Summit to receive one of three prestigious NEPAD Transport Infrastructure Projects

of Excellence Awards for the N4 Maputo Development Corridor during the NEPAD Transport Summit held in Johannesburg in November 2009. This first NEPAD Transport Infrastructure Award is an initiative of the NEPAD Secretariat and is aimed at showcasing successful transport infrastructure projects in Africa that have demonstrated best practice, innovation, sustainability, good management and financial controls and have made a major contribution to the future of the continent in line with the aims and objectives of regional integration, NEPAD and the Africa Union. This award came on the back of the nomination of MCLI's corridor rail partner, CFM, as a finalist in the 2009 Africa Investor Infrastructure Awards for the rail upgrade to Port Maputo completed late in 2008.

The recognition of MCLI's work in the region is very gratifying given its ongoing efforts to ensure regional integration, the free flow of people and goods and the facilitation of cross border trade and investment which is a complex and often challenging process involving two governments, customs, immigration and transport systems and often uncoordinated implementation of various levels of legislation and documentation for both cargo

and people moving across the borders of South Africa and Mozambique.

At this point I would like to give credit to MCLI CEO Brenda Horne-Ferreira who was a finalist in the Corporate Category for one of South Africa's most prestigious women's awards, the Shoprite Checkers Women of the Year Award, as well as the winner of the Mpumalanga SA Council for Business Women, and I think I join all of our stakeholders here in congratulating Brenda on this outstanding achievement. These accolades have given our corridor major positive exposure through the media as well as the MNET TV broadcast and the Corridor is privileged to have you!

DR MATOS

In closing ladies and gentlemen, we would like to thank all MCLI members, stakeholders and all corridor role players across the public and private sector for their collective efforts in ensuring that the Maputo Corridor becomes the first choice for the region's stakeholders. It is your commitment and engagement

that has borne the fruit of success on the Maputo Corridor, and we salute you one and all.

I would like to close with a quote from Mark Victor Hansen, author of the *One Minute Millionaire* and *Chicken Soup for the Soul*:

“Don’t wait until everything is just right. It will never be perfect. There will always be challenges, obstacles and less than perfect conditions. So what? Get started now. With each step you take, you will grow stronger and stronger, more and more skilled, more and more self-confident and more and more successful.” This seems very appropriate to the Maputo Corridor and in many ways encapsulates the story of MCLI. We have no doubt that with the collective effort of the committed people on this corridor, we will move from success to success.

We thank you.

DR MATHEWS PHOSA AND ANTONIO MATOS